

 Early Warning System

AIIB-001009

Bangladesh: Railway Capacity Expansion (RACE) Project



Quick Facts

Countries	Bangladesh
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	C
Borrower	Government of Bangladesh - Bangladesh Railway
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	\$ 164.57 million
Project Cost (USD)	\$ 241.47 million



Project Description

According to the Bank's website, the objective of this project is to enhance the operational capacity, efficiency, and reliability of Bangladesh Railway's services through procured locomotives.

To address the critical shortage of serviceable locomotives in Bangladesh, the Government is planning to procure 60 new meter gauge (MG) locomotives. This will enable Bangladesh Railway (BR) to capture suppressed demand, particularly on profitable intercity and freight routes, translating directly into increased revenue. It will also allow BR to fully leverage its recent infrastructure investments by introducing services in routes where demand is high but operational capacity is constrained. The replacement of obsolete locomotives with modern, fuel-efficient units would also result in lower carbon emissions, helping the country's climate mitigation efforts. The government has requested financial assistance from the AIIB for the procurement of 30 MG locomotives, whereas the remaining 30 will be procured through a proposed ADB-financed project (Bangladesh: South Asia Subregional Economic Cooperation: Chattogram-Dohazari Railway Project).

The RACE project is expected to comprise the following two components, with AIIB's financing likely to support most of them:

- (i) Component 1 - Locomotive Procurement: This will include procurement of 30 MG Diesel Electric Locomotives with capital and maintenance spare parts as well as commissioning of the procured locomotives.
- (ii) Component 2 - Project Management and Capacity Building activities (i.e., training, study tour) for the benefit of the BR.



Early Warning System Project Analysis

Based on the Bank's ESP, the proposed Project is categorized as C as it is likely to have minimal environmental and social (E&S) risks and impacts. ESS1 - Environmental and Social Assessment will apply as the proposed activities may potentially incur health and safety risks and environmental impacts that can be mitigated through plans and procedures. Currently, there is no requirement for land acquisition and no Indigenous Peoples will be affected by the Project.

Environmental and Social Aspects: The Project involves the use of AIIB loan proceeds for procuring diesel-electric locomotives. This will not entail direct environmental, health and safety (EHS) risks/ impacts. At this stage, the potential EHS impacts envisaged are related to hazardous waste generation, accidents due to collision, ergonomic hazards, etc. As the Project is not expected to involve land acquisition, resettlement, or impacts on Indigenous Peoples, no significant adverse social impacts are anticipated either.



Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Total Project Cost - USD 241.47 million

AIIB Financing - USD 164.57 million

GoB Financing - USD 76.9 million



Private Actors Description

Bangladesh Railway is the state-owned rail transport agency of Bangladesh. It operates and maintains all railways in the country, and is overseen by the Directorate General of Bangladesh Railway. The Bangladesh Railway is governed by the Ministry of Railways and the Bangladesh Railway Authority.



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Bangladesh Railway	Client	-



Contact Information

CONTACT INFORMATION

PROJECT TEAM LEADER

Asian Infrastructure Investment Bank

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BORROWER

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IMPLEMENTING ENTITY

Bangladesh Railway

Md. Afzal Hossain - Director General, Bangladesh Railway

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



Bank Documents

- [Project Summary \(September 26, 2025\)](#) [\[Original Source\]](#)



Other Related Projects

- ADB-57296-002 South Asia Subregional Economic Cooperation: Chattogram-Dohazari Railway Project